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Colloquy

NESTED (IN)SECURITIES: Commodity and Currency Circuits in an Iran under Sanctions

EMRAH YILDIZ
Northwestern University
https://orcid.org/0000-0002-0843-1601

I get a Skype call from Tabriz, a city in northwestern Iran. It is Mohsen, a thirty-six-year-old clerical worker who, as an occasional cross-border merchant, trades tobacco and gold from Iran for euros and U.S. dollars in Turkey. He is calling to inform me of a new trade route for Iranians under sanctions. Federica Mogherini, the European Union's foreign affairs minister, announced that the European parties to the Iranian nuclear deal were establishing "a special purpose vehicle" (SPV) to "assist and reassure economic operators pursuing legitimate business with Iran" (Lederer 2018). Mohsen explains to me how Iranian state media presents the announcement, giving Iran a route around secondary sanctions imposed by the Trump administration. "It sounds much like what Turkey has been for us so far," Mohsen adds before letting me listen into the broadcast. I hear the French foreign minister, Jean-Yves Le Drian, declare that the SPV has been designed to facilitate commerce in essential goods, primarily but not exclusively for European exports of food and medicine to Iran. Mohsen interrupts with his signature sarcasm: "We are ruined! Europeans have discovered sanctions as a threat and commodity trade as its method of circumvention!"

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A sanction-circumvention method used by Iranians for decades—namely, cross-border commodity trade—appears on offer as the European solution to salvage the Iran nuclear deal. Mohsen's sarcasm indexes concern about the pressure such European trade will place on Iranian cross-border circuits. But Europeans are concerned too: a European Commission (2018) report cites the renewal of sanctions on Iran as a key justification for strengthening the role of the euro in global finance. The report envisions one benefit of an assertive European role in international diplomacy, exemplified in the SPV, as the "stronger autonomy of European consumers and businesses, allowing them to pay and receive payments for their international trade with reduced exposure to legal actions taken by third country jurisdiction such as extraterritorial sanctions" (European Commission 2018). Mohsen reckons that European attempts to salvage the Iran deal by way of conducting a commodity trade that sidesteps a dollar-dominated financial system is as much to address the growing sense of insecurity in European diplomatic circles as they wish to mitigate Iranian insecurities. This does not suggest that Iranians and Europeans are insecure in the same ways. Indeed, that connected difference is precisely what I want to capture by referring to their entanglements as nested.

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Anthropologists have long interrogated concepts of security and securitization, elucidating their entanglements with a wide range of phenomena. They have also examined how security technologies are adopted locally and how those technologies, much like sanctions, often exacerbate, rather than redress, the lived experiences of insecurity. Much as Diana Allan (2020) discusses in this issue with regard to Palestinian refugees, sanctions, due to their protracted use over decades, have made insecurity an integral part of everyday life for Iranians. Here I wish to attend to the political economy of sanctions on Iran to extend these lines of inquiry. I fear that the emphasis on the lived experiences of insecurity inadvertently conditions the domestication of anthropological interventions as cultural meditations in the field of security studies. A multiscalar methodology that brings into the same analytical frame European policy considerations and the ways in which, to Iranian eyes, EU policy makers borrow from Iranians' tested methods of circumvention might provide one productive way out of that domestication: it would reveal the nested nature of diplomatic action and social practice in the political economy of sanctions.

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Following the 2012 sanctions that cut the Iranian economy off from global markets, many Iranians, like Mohsen, spoke of the attendant drop in the value of the Iranian rial as "nuclearization" (*atomi shodan*). The Iranian rial has suffered an ever-diminishing value—a "half-life," as one merchant put it—in international currency and financial markets built around the U.S. dollar. That devaluation has brought diminishing returns in using the rial as a *method of payment*, which in turn has affected the currency's ability to serve as a *medium of exchange* for other commodities, particularly in regional and international trade, and as a *standard of value* to conduct transactions within Iran. As the sanctions undermined the rial's ability to function as money, Iranians turned to other commodities that could serve money's three functions. Influential merchants, or *bazaaris*, spoke of the nuclear rial like Mohsen. As a currency trader (*sarraf*) in the Tehran bazaar put it, "[The sanctions] put the uranium in every Iranian's pocket in the form of our national currency. Every transaction became toxic [*zahri*], as its value diminished where it stood." The rial's nuclearization prompted Iranians to seek more stable currencies like the U.S. dollar or euros, which they often found across the Turkish border. Iranians converted their nuclear rials into these currencies by way of the commodity trade in goods—such as tobacco, petroleum, and gold—whose prices were much higher in Turkey due to differing tax regimes. Sanctions have thus in effect formed a regional and trans-border "sphere of exchange" with attendant special-purpose moneys (Bohannan 1959)—commodities with intrinsic value that can serve as media of exchange in a specific context.

SANCTIONS, CURRENCIES, AND COMMODITIES

In international relations scholarship on global governance, the employment of sanctions—defined as unilateral or collective action taken against a state considered in violation of international law—has been celebrated as a diplomatic technology designed to compel the targeted country to conform to global norms (Cortright and Lopez 2000). As temporary measures of international security, sanctions have long been considered less costly than military intervention in punishing deviation from international guidelines. Yet unlike military action, which has legal codes regarding the conduct of belligerents and third-party actors, sanctions have escaped such codification. Indeed, they continue to lend themselves to further weaponization. In the case of Iran, sanctions are better approached as an ever-expanding arsenal of "low-intensity" coercion that has exacerbated already vexed relations between Iran and sanctioning states (Daoudi and Dajani 1983). Further, as attempts to turn Iranians against their own government, sanctions have resulted in the collective punishment of the most vulnerable within Iran. They have also allowed the regime to claim that it is defending the country's national security against imperialist and capitalist conspiracy, revealing once again the recursive and nested shapes that technologies of security and experiences of insecurity take in the context of sanctions. As security measures, then, sanctions are better understood as exercises in collective punishment that generate lived insecurities and bolster, rather than weaken, a targeted regime's power.

Although the United States has levied a series of sanctions on Iran since 1979, their effects intensified between 2006 and 2012, when the United States succeeded in pushing through a series of UN Security Council resolutions that forced Iran to halt its uranium-enrichment program. Together, these resolutions delivered the most intense blow to the Iranian economy: banning banks worldwide (with cooperation of the Brussels-headquartered SWIFT) from processing all transactions out of Iran. When a total ban on Iranian oil exports to the EU came into effect in July 2012, the Iranian rial fell to a record low against the U.S. dollar in less than two months. By September 2012, the rial had lost more than 80 percent of its value in less than a year.

Iranians felt the immediate effects of sanctions in their lives through foreign capital flight, high unemployment, exponential inflation, and arrested supply chains. With a growing and young population's ever-increasing demand for consumer goods, however, sanctions also produced new configurations of exchange. Similarly to Kali Rubaii's (2020) discussion of how medicine was smuggled into Mosul, contraband routes mitigated the lived experiences of insecurity many Iranians have endured for decades. The shortages in basic consumer goods, medical supplies, and spare parts necessary for maintenance of the energy and aviation industries compelled traders to turn to new *ghachagh* (smuggling) supply routes via Turkey and the United Arab Emirates. These same routes also shuttled hard currencies, such as euros and U.S. dollars, which proved in scarce supply in Iran. By late 2012, at the height of the rial's nuclearization, contraband goods accounted for a quarter of Iran's total imports, including 83 percent of mobile phones, 47 percent of toys, 27 percent of clothing and apparel, and 21 percent of house appliances (*Financial Tribune* 2017). Mohsen described the situation as follows: "By the early 2000s, as couriers, buyers, or sellers, everyone in Iran has turned into a *ghachaghchi* [smuggler]."

When my path first crossed with that of Mohsen and his wife, Narmin, in 2010, we were on a pilgrimage bus from Tabriz to the Sayyida Zainab shrine located south of Damascus, Syria. At the time, Mohsen and Narmin shuttled cartons of cigarettes and some gold, which they sold at their stopover in Gaziantep, Turkey. They exchanged the Turkish liras they earned for euros or U.S. dollars. Divergent taxation policies in Turkey and Iran had generated a sevenfold price difference in a pack of cigarettes, making tobacco, along with petroleum and gold, a commodity of choice in trans-border trade. I came to understand how many Iranians attempted to mitigate the effects of sanctions through this conversion of commodities into contingent currencies. “If we were to leave our savings in an Iranian bank, they would just melt in value,” Mohsen explained. “We pooled our savings with three more couples we know, bought a gold bullion bar in Tabriz, and took it to Turkey to sell it and buy U.S. dollars.” Given that the gold price in Iran hovered below international rates so as to prop up the wavering rial, such a transactional chain proved beneficial in softening the effects of a nuclear currency no one wanted to keep for too long.

The spheres of exchange assembled because of the sanctions on Iran were intimately connected to banking systems and commodity markets in Turkey and, more recently, in Europe. Rather than finding themselves bounded from the spheres of exchange of the so-called global economy, Iranians such as Mohsen remained *nested within* them through cross-border commodity trade. Here we see “not barriers [between spheres] but institutions that facilitated asymmetrical exchanges across value registers” (Guyer 2004, 28). In a certain sense, the masterminds behind the sanctions turned the Iranian rial into a special-purpose money by disconnecting it from the global transactional order. Where they saw barriers, however, Iranians like Mohsen saw institutions that facilitated asymmetrical conversions, in which tobacco or gold fulfilled better than the nuclearized rial the function of acting as a standard of value in motion.

TOWARD A POLITICAL ECONOMY OF (IN)SECURITY

In this piece, I have hinted at how a multi-scalar approach to the political economy of sanctions could reveal the nested and mutually imbricated nature of technologies of security and techniques of (in)security, of international policy and regionally networked social practice, and, in our case, of Iran’s and Turkey’s national economies through commodity trade. The political-economic and social life of insecurity that sanctions on Iran set into motion, on the one hand, and the creative practices of valuation that emerge from the asymmetrical exchanges to circumvent their effects, on the other, point to how Iranians contend with the weaponization of the U.S. dollar. Growing concerns about that weaponization, if European policy recalibrations and the SPV serve as any indication, might lead many to learn from Iranians. Before Mohsen and I end our Skype call, he reminds me: “Europeans have appropriated the commodity circuits Iranians have crafted [at least for the past four decades].” And that might be yet another twist in the nesting of European and Iranian experiences of (in)security in the face of continuing and intensifying U.S. unilateralism. If we heed Mohsen’s call, we can subject that nesting, as our interlocutors already do, to cultural analysis, and place at the center of security studies anthropological interventions that otherwise remain conveniently provincial to diplomacy.

ABSTRACT

This essay uses a conversation with an Iranian interlocutor to explore the political economy of Iranian sanctions and the creative improvisations they produce on dynamic economic grounds—characterized by an increasingly soft and devaluing national currency, the Iranian rial. It reveals how various (in)securities tied to monetary transactions, particularly those conducted with the “outside world,” come to nest within one another in an Iran under sanctions. [sanctions, currency, commodity, Iran]

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